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CONDOMINIUM
DECLARATION
FOR
THE MCKEE
A CONDOMINIUM

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Article 1. DEFINITIONS.

Section 1.1 Words Defined. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply.

Allocated Interests means the allocation of Common Expense Liability, Limited Common Expense Liability, interest in Common Elements and voting for each of the Units in the Condominium determined in accordance with the formulas set forth in Section 6.4 and as listed in Schedule D.

Articles means the articles of incorporation for the Association.

Assessment means all sums chargeable by the Association against a Unit, including, without limitation: (a) general and special Assessments for Common Expenses, Limited Common Expenses, Special Allocations, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

Association means the owners association identified in Article 13.

Board means the board of directors of the Association, as described in Article 15.

Bylaws means the bylaws of the Association as they may from time to time be amended.

Commercial Unit means any Unit restricted to commercial or retail use in Section 10.2, as listed in Schedule C and shown on the Survey Map and Plans.

Common Elements means all portions of the Condominium other than Units and the Limited Common Elements.

Common Expenses means expenditures made by or financial liabilities of the Association which are related to the Common Elements and the general operation of the Association, including allocations to reserves.

Common Expense Liability means the liability for Common Expenses allocated to each Unit, as set forth in Schedule D.

Condominium means The McKee, a condominium, created under the Declaration and the Survey Map and Plans.

Condominium Act means the Washington Condominium Act, codified at RCW 64.34, as it may be from time to time amended.

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Conveyance means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract.

Declarant means Intrawest Properties Partnership U.S., a Washington general partnership and its representatives, successors, and assigns.

Declarant Control means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board pursuant to Article 14.

Declaration means this Condominium Declaration for The McKee, a condominium, as it may from time to time be amended.

Development Rights means the right of the Declarant to create Units and Limited Common Elements on the Subsequent Phase Property and to withdraw all or a portion of the Subsequent Phase property, as provided in Article 4 and elsewhere in this Declaration.

Eligible Mortgagee means the Mortgagee that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.

FHLMC means the Federal Home Loan Mortgage Corporation.

FNMA means the Federal National Mortgage Association.

Foreclosure means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

HUD means the Department of Housing and Urban Development.

Identifying Number means, with respect to each Residential Unit, the number listed in Schedule C and shown on the Survey Map and Plans which identifies each Residential Unit in the Condominium and, with respect to each Commercial Unit, the Unit so designated and a number, as listed in Schedule C and shown on the Survey Map and Plans.

Limited Common Element means a portion of the Common Elements allocated in Article 8 for the exclusive use of one or more but fewer than all of the Units.

Limited Common Expenses means expenditures made by or financial liabilities of the Association which are related to the maintenance, repair and replacement of the Limited Common Elements, including allocations to reserves.

Limited Common Expense Liability means the liability for Limited Common Expenses allocated to the Units to which the Limited Common Elements are assigned, in proportion to each Unit's

respective Limited Common Expense Liability, as set forth in Schedule D.

Managing Agent means the person designated by the Board under Section 15.3.

Mortgage means a mortgage, deed of trust or real estate contract.

Mortgagee means any holder, insurer or guarantor of a mortgage on a Unit.

Notice and Opportunity to be Heard means the procedure described in Section 15.6.

Owner or Unit Owner means the Declarant or other person who owns a Unit, but does not include any person who has an interest in a Unit solely as security for an obligation.

Person means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

Phase I means the first phase of the Condominium, consisting of all of the land described in Schedule A and 49 Residential Units and one Commercial Unit in Building A and eight Residential Units in Building B, as listed in Schedule C and as shown on the Survey Map and Plans, and the Limited Common Elements assigned thereto under this Declaration.

Phase II means the second phase of the Condominium, consisting of the four Residential Units in Building B and up to 40 Residential Units in Building C, as shown on the Survey Map and Plans, and the Limited Common Elements assigned thereto under this Declaration, which the Declarant intends to create pursuant to Article 4.

Residential Unit means any one of the Units restricted for residential use in Section 10.1, as listed in Schedule C and shown on the Survey Map and Plans.

Residential Limited Common Elements means the Limited Common Elements allocated all of the Residential Units, as set forth in Schedule E and shown on the Survey Map and Plans.

Special Allocation means the cost of gas, water and sewer specially allocated by the Board to those Units served or benefitted pursuant to Section 16.8.

Special Declarant Rights means rights reserved for the benefit of the Declarant as specified in Article 11.

Subsequent Phase Property means that portion of the real property included in the Condominium upon which the Declarant has

the right to create up to 40 Residential Units and one Commercial Unit and assign Limited Common Elements or to withdraw, which is described in Schedule B and shown on the Survey Map and Plans.

Survey Map and Plans means the survey map and plans filed simultaneously with the recording of this Declaration and any amendments, corrections, and addenda thereto subsequently filed.

Transition Date means the date upon which the period of Declarant Control terminates as determined in Article 14.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 6.2 and shown on the Survey Map and Plans.

VA means the Veterans Administration.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and gender-neutral pronouns shall be used interchangeably.

Section 1.3 Statutory Definitions. Some of the terms defined above are also defined in the Condominium Act. The definitions in the Declaration are not intended to limit or contradict the definitions in the Condominium Act. If there is any inconsistency or conflict, the definition in the Condominium Act will prevail.

Article 2. CONSTRUCTION AND VALIDITY OF DECLARATION.

The Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of the Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, the Declaration shall prevail except to the extent the Declaration is inconsistent with the Condominium Act. The creation of the Condominium shall not be impaired and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration or the Survey Map and Plans or any amendment thereto to comply with the Condominium Act.

Article 3. NAME OF CONDOMINIUM.

The name of the Condominium created by this Declaration and the Survey Map and Plans is The McKee, a condominium.

Article 4. DESCRIPTION OF LAND; DEVELOPMENT IN PHASES.

Section 4.1 Description of Land. The real property included in the Condominium is described in Schedule A. The Declarant reserves the right to withdraw from the Condominium all or a portion of the Subsequent Phase Property.

Section 4.2 Development in Phases. The Declarant intends to develop the Condominium in two phases on the land described in Schedule A. The first phase (Phase I) consists of the 49 Residential Units and one Commercial Unit located in Building A and eight Residential Units in Building B, as described in Article 5, and the parking spaces in the garage allocated to those Units pursuant to Article 9 shown on the Survey Map and Plans. The Declarant may create up to an additional 40 Residential Units and one Commercial Unit in Phases II, by (a) recording an amendment to Schedule B to remove that portion of the real property upon which the Units being created are located from the Subsequent Phase Property; (b) recording an amendment to Schedule C listing all of the Units in the Condominium and those being created, together with all of the information called for by that schedule; (c) recording an amendment to Schedule D, reallocating the Allocated Interests among all of the Units in accordance with Section 6.4; and (d) filing an amendment to the Survey Map and Plans showing the Units created by Phase and the Limited Common Elements assigned thereto.

Section 4.3 Improvements on Subsequent Phase Property. The improvements on the Subsequent Phase Property shall be substantially identical to, or architecturally compatible with, the improvements in Phase I. All Units in Phase II shall be substantially completed before they are added to the Condominium.

Section 4.4 Liens. Any liens that arise in connection with the Declarant's ownership of or construction of improvements on the Subsequent Phase Property shall attach only against the Declarant's Development Rights and Special Declarant Rights and shall not adversely affect the rights of other Unit Owners or the priority of Mortgages on the Units. All taxes and costs relating to improvements on the Subsequent Phase Property before the Units therein have been created shall be paid by or allocated to the Declarant.

Section 4.5 Election to Withdraw Land. The Declarant may at any time or times, elect to withdraw from the Condominium all or a portion of the Subsequent Phase Property, as it may be described in Schedule B at that time, by (a) recording a notice of withdrawal signed only by the Declarant which describes the land being withdrawn; (b) recording an amendment to Schedule A describing the land remaining in the Condominium; (c) recording an amendment to Schedule B describing any remaining land subject to Development Rights; and (d) filing an amendment to the Survey Map and Plans showing the land remaining in the Condominium. The Declarant reserves the right to execute any applications to the City of

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Bellevue or other documents or instruments necessary to segregate the property the Declarant desires to withdraw from the Condominium from the land to be left in the Condominium on behalf of the Unit Owners and the Association. If the Declarant elects to withdraw land from the Condominium, Declarant shall create reciprocal easements for ingress and egress through the garage for the mutual benefit of the Condominium and the land to be withdrawn providing terms for such use and sharing of costs based on the number of parking spaces located on the respective parcels.

Section 4.6 Expiration of Development Rights. The Development Rights specified herein shall terminate on the earlier of (a) the seventh anniversary of the recording of this Declaration or (b) the recording of a notice signed by the Declarant that it no longer wishes to exercise any of the Development Rights.

Article 5. DESCRIPTION OF BUILDINGS.

There are two buildings in the Condominium, designated as Buildings A and B located on the real property described in Schedule A. The Declarant expects, but is not required, to construct Building C on the Subsequent Phase Property described in Schedule B. The buildings are further described and their locations are shown on the Survey Map and Plans.

Article 6. DESCRIPTION OF UNITS; ALLOCATED INTERESTS.

Section 6.1 Number and Identification of Units. The Condominium has 57 Residential Units and one Commercial Unit in Phase I. The Identifying Number of each Unit is set forth in Schedule C. The location of the Units are shown on the Survey Map and Plans. Pursuant to Article 4, the Declarant may create up to an additional 40 Residential Units and one Commercial Unit in Phase II.

Section 6.2 Unit Boundaries. The boundaries of the Units are as follows:

6.2.1 The boundaries of the Residential Units are the walls, floors and ceilings of the Units, including all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof; provided, that the Unit boundaries shall not include those Common Elements specified in Article 7. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

6.2.2 The boundaries of the Commercial Units are the inside face of the perimeter walls, the floors and ceilings of the Units and the outside of the glass at the window wall. All finishes added to the shell form by any lessee or Owner of a Commercial Unit are included in the Commercial Unit.

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Section 6.3 Unit Data. Schedule C sets forth the following data for each Unit in Phase I:

- 6.3.1 The approximate square footage;
- 6.3.2 The number of bathrooms, whole or partial;
- 6.3.3 The number of rooms designated primarily as bedrooms;
- 6.3.4 Whether the Unit has a fireplace;
- 6.3.5 The level or levels upon which each Unit is located; and
- 6.3.6 The parking space or spaces, storage locker and air conditioning pad, if any, assigned to the Unit.

The location and configuration of each Unit are shown in the Survey Map and Plans. When the Declarant creates Units in Phase II, Schedule C shall be amended by the Declarant to show all of the data for the Units created.

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Section 6.4 Allocated Interests. Schedule D sets forth the Allocated Interests of each of the Units in Phase I of the Condominium for the purposes of Common Expense Liability, Limited Common Expense Liability, interest in the Common Elements and voting. The formulas for making the allocations are as follows:

Common Expense Liability and Limited Common Expense Liability: a weighted formula based 50% on relative area of Units and 50% on relative declared value of the Units, as stated in Schedule C.

Common Interest: relative declared value of Units, as stated in Schedule C.

Voting: relative declared value of Units, as stated in Schedule C.

The declared values of the Units will not be affected by the actual sales prices of the Units. When Units in Phase II are created, the Allocated Interests shall be recalculated using the total area and declared values of the preexisting Units plus the Units thereby created. The declared values of Units to be created in Phase II shall be the same as those for equivalent Units in Phase I. When the Units in Phase II are created, the Declarant shall amend Schedule D to show the Allocated Interests for the preexisting Units and the Units thereby created.

Article 7. COMMON ELEMENTS.

Section 7.1 Description. The Common Elements are all portions of the Condominium other than the Units and the Limited Common Elements, including all portions of the walls, floors, or ceilings which are not a part of or within the Unit boundaries provided in Section 6.2. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, shear wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit which serves more than one Unit or any portion of a Common Element.

Section 7.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the public streets. The right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 7.3 Conveyance or Encumbrance of Common Elements. Portions of the Common Elements not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association of the Owners having at least 80% of the votes in the Association, including 80% of the votes excluding votes held by the Declarant for an affiliate of Declarant (as defined in the Condominium Act); but all of the Owners of Units to which any Limited Common Element is allocated must agree in order to cover that Limited Common Element or subject it to a security interest.

Article 8. LIMITED COMMON ELEMENTS.

Section 8.1 Description. The Limited Common Elements allocated to each Unit or to certain Units are listed on Schedule E and are shown on the Survey Map and Plans. Schedule E may be amended by the Declarant upon the completion of Phase II to reflect any additional Limited Common Elements allocated to Units in that phase.

Section 8.2 Use. Each Owner shall have the exclusive right to use the Limited Common Elements allocated or assigned solely to the Owner's Unit. Each Owner of a Residential Unit shall have the right to use the Residential Limited Common Elements in common with all other Owners of Residential Units. The right to use the Limited Common Elements extends not only to each Owner of a Residential Unit, but also to the Owner's agents, servants, tenants, family members, invitees, and licensees. The Board may adopt rules and regulations governing the use of the Limited Common Elements.

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Section 8.3 Reallocation. A Limited Common Element may be reallocated between Units only with the approval of the Board and by an amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this section within 30 days, or within such other period provided by the Declaration, unless the proposed reallocation does not comply with the Condominium Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium. Except with respect to the Limited Common Elements to be created by the Declarant with respect to the Units to be created in Phase II, a Common Element may be reallocated as a Limited Common Element or a Limited Common Element may be incorporated into an existing Unit with the approval of 67 percent of the Owners, including the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Survey Map and Plans.

Article 9. PARKING, STORAGE AND AIR CONDITIONING PADS.

Section 9.1 Reallocation to Units. There are 110 parking spaces, 85 storage lockers and 35 pads for air conditioning units ("A/C pads") in Phase I of the Condominium which have been identified by number (or number and letter in the case of a tandem parking space) in the Survey Map and Plans. The parking spaces, storage lockers and A/C pads shall be assigned as a Limited Common Elements to Residential Units in Schedule C or by amendment to Schedule C signed only by the Declarant. When Phase II is completed, the Declarant shall amend this section to reflect the total number of parking spaces, storage lockers and A/C pads in the Condominium and assign them to the Residential Units thereby created by recording an amendment to Schedule C. The Declarant shall have the right to assign unassigned parking spaces, storage lockers and storage pads until it has conveyed all Units that it may create.

Section 9.2 Rental of Parking Spaces or Storage Lockers. The Owner of a Residential Unit may rent a parking space or storage locker which is a Limited Common Element of that Unit to the occupant of another Residential Unit in the Condominium, but such rental shall be subject to termination upon 15 days' notice. Rental of a parking space or storage locker shall be terminated automatically and without notice upon the transfer of title of the Unit to which it is a Limited Common Element.

Section 9.3 Use of Parking Spaces. The parking spaces are to be used for the parking of operable passenger motor vehicles and may not be used for parking trucks, trailers, or recreational vehicles unless expressly allowed by rules and regulations adopted by the Board. The Board may also adopt rules and regulations

governing the use of the unassigned parking spaces; except that until all Units have been sold the Declarant shall have the right to control the use of the unassigned parking spaces. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the owner thereof.

Article 10. PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCES.

Section 10.1 Residential Units; Timesharing Prohibited. The Residential Units in the Condominium are intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, including use as a home office that does not involve regular visits by customers or clients, except as provided for Units owned by the Declarant in Article 11. Timesharing of Units, as defined in RCW 64.34, is prohibited.

Section 10.2 Commercial Unit. The Commercial Unit in the Condominium is intended for and restricted to use as retail sales, office and/or commercial uses, as permitted under applicable City of Bellevue ordinances, except as provided below:

10.2.1 The Commercial Unit shall not be used for conducting: manufacturing activities; wholesale or retail sales of pornographic literature, photographs or movies; card room; dance hall, pool hall or other similar form of amusement center; musical school or studio; adult motion picture theater; massage parlor; laundry; dry-cleaning, dyeing or rug cleaning plant; jail; hotel, apartment hotel and motel; bar or tavern; package liquor store; taxidermy shop; retail pet shop or small animal clinic; work release center, drug rehabilitation center or social service agency.

10.2.2 The delivery or shipment of merchandise, supplies, and fixtures to and from the Commercial Unit shall be accomplished in a manner that shall not unreasonably interfere with the quiet enjoyment or the security of the Residential Units.

10.2.3 The Owner of the Commercial Unit shall not allow or permit any continuing vibration ("Vibration") or any offensive or obnoxious and continuing noise ("Noise") or any offensive or obnoxious and continuing odor ("Odor") to emanate from the Unit into the Residential Units, nor shall the Owner allow or permit any machine or other installation therein to constitute a nuisance or otherwise to unreasonably interfere with the safety or comfort of any of the Owners of other Units. Upon the failure of the Owner of the Commercial Unit to remedy Noise or Vibration after Notice and Opportunity to be Heard, the Board may at its option either: (1) cure such condition at the Owner's cost and expense; or (2) pursue any other available legal or equitable remedy. Upon the failure of the Owner to remedy Odor after Notice and Opportunity to be Heard, the Board may at its option either: (1)

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attempt to resolve the matter by agreement with the Owner; or (2) submit the matter to arbitration by a panel of three independent arbitrators, in which case one arbitrator shall be chosen by the Board, the second arbitrator shall be chosen by the Owner, and the third arbitrator shall be chosen by the other two arbitrators. Construction, remodeling and maintenance of the Commercial Unit and activities reasonably necessary to accomplish the same shall not be deemed to be Vibration, Noise or Odor within the meaning of this subsection. Conditions in existence at the time of purchase of any Residential Unit shall not be deemed to be Vibration, Noise or Odor within the meaning of this subsection.

10.2.4 The Owner of the Commercial Unit shall not use nor occupy the Unit nor do or permit anything to be done thereon in any manner which shall make it impossible for the Association to carry any insurance required or reasonably deemed to be necessary, or which will invalidate or unreasonably increase the cost thereof or which will cause structural injury to the buildings, or which would constitute a public or private nuisance or which will violate any laws, regulations, ordinances or requirements of the federal, state or local governments or of any other governmental authorities having jurisdictions over the property.

10.2.5 The Owner of the Commercial Unit shall bear the expenses relating to any changes in electrical, gas or water service necessitated by the use of the Unit.

10.2.6 The Commercial Unit shall comply with all applicable City of Bellevue ordinances.

Section 10.3 Leases. Leases of Residential Units shall have a minimum initial term of six months. No lease or rental of a Residential Unit may be less than the entire Unit. The Owner of the Commercial Unit may lease all or any portion of the Commercial Unit for any lawful purpose not prohibited by Section 10.2. All leases or rental agreements for Residential Units or for the Commercial Unit shall provide that its terms shall be subject in all respects to the provisions of the Declaration and the Bylaws and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences. If any lessee or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the rules and regulations of the Association, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Unit and the Owner thereof to forthwith cease such violations; and if the

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violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorneys' fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17. Other than as stated in this section, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

Section 10.4 Maintenance of Units, Common Elements, and Limited Common Elements. Except as provided below, the Association is responsible for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and each Owner is responsible for maintenance, repair and replacement of the Owner's Unit. The roof system, including the portion under the courtyard and decks located over the Commercial Unit and garage) is a Common Element. The costs of maintenance, repair and replacement of the Limited Common Elements assigned to each of the Residential Units and the Residential Limited Common Elements shall be assessed against all of the Residential Units in accordance with their Limited Common Expense Liability, as provided in Section 16.5 and in Schedule D. Each Owner shall, at the Owner's sole expense, keep the interior of the Unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. An Owner of a Residential Unit shall not change the type of floor covering from carpeting to hard surface flooring in any portion of the Unit which is directly above another Unit without the approval of the Board, which approval shall not be granted unless the Owner complies with reasonable noise transmission standards established by the Board. Each Owner shall replace any broken glass in the windows or exterior doors of the Unit. Each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, air conditioning units, fans, and heating equipment which serve only that Unit, whether or not located in the Unit. Notwithstanding the foregoing, the Declarant shall be responsible for the actual cost of maintenance, repair and replacement of the improvements on the Subsequent Phase Property until Assessments have commenced with respect to Units created on that property. The Declarant may pay such costs directly or through the Association.

Section 10.5 Exterior Appearance. In order to preserve a uniform exterior appearance of the buildings, the Board shall provide for the maintenance of the exterior of the buildings. No Owner may modify or decorate the exterior of a building, or screens, doors, awnings, or other portions of any Unit visible from outside the Unit without the prior written consent of the Board or in accordance with rules or regulations of the Association. No

radio or television antennas or other appliances may be installed on the exterior of a building without the prior written consent of the Board. The Board may also require use of a uniform color and material for blinds, draperies, under-draperies, or drapery lining for all Units.

Section 10.6 Effect on Insurance. Nothing shall be done or kept in any Unit or in any Common Element or Limited Common Element that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element or Limited Common Element that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

Section 10.7 Use or Alteration of Common Elements and Limited Common Elements. Use of the Common Elements and Limited Common Elements shall be subject to the provisions of this Declaration and the rules and regulations of the Board. Nothing shall be altered or constructed in or removed from any Common Element or Limited Common Element except with the prior written consent of the Board.

Section 10.8 Signs. No sign of any kind shall be displayed to the public view on or from any Residential Unit, Limited Common Element or Common Element without the prior consent of the Board. The Owner of the Commercial Unit may display, or permit to be displayed, such signs in the windows and on the doors of the Commercial Unit as the Owner of that Unit deems appropriate for the business or businesses being conducted therein. This section shall not apply to the Declarant who may post such signs on the property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale.

Section 10.9 Pets. Domesticated animals, birds or reptiles (herein referred to as "pets") may be kept in the Residential Units subject to rules and regulations adopted by the Board. Dogs will not be allowed on any Common Elements or Limited Common Elements unless they are on a leash and are being walked to or from the Unit to a public street or sidewalk. The Board may, after Notice and Opportunity to be Heard, at any time require the removal of any pet which it finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 10.10 Quiet Enjoyment. No Owner shall permit anything to be done or kept in the Owner's Unit, Limited Common Elements or Common Elements which would interfere with the right of quiet enjoyment of the other residents of the Condominium. In particular, sound systems loudspeakers shall not be rigidly attached to the party wall with another Unit or the ceilings, walls, shelves or cabinets in a Unit in a manner that will induce vibrations into the structure of the building.

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Section 10.11 Trash and Outside Storage. Each Owner shall be responsible for removing all trash or garbage from the Unit and depositing it in proper receptacles.

Section 10.12 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit, Limited Common Element or Common Element, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners. Owners shall not permit any condition to exist that will induce, breed or harbor infectious plant diseases or noxious insects or vermin.

Section 10.13 Conveyance by Owners; Notice Required. The right of an Owner to the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying (a) the Unit being sold; (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and (c) the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy under Article 21 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. At the time of the first conveyance of each Unit, every mortgage, lien or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien or other encumbrance.

Article 11. DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS.

Section 11.1 Development Rights. The Declarant reserves the Development Right to create up to 40 Residential Units, one Commercial Unit and associated Limited Common Elements on the Subsequent Phase Property pursuant to Article 4 and to allocate parking spaces, storage lockers and A/C pads to such Units as Limited Common Elements pursuant to Article 9. The Declarant reserves the Development Right to withdraw all or portion of the Subsequent Phase Property, as more particularly set forth in Article 4. The Declarant reserves the right to grant an easement for ingress and egress through the garage of the Condominium for the benefit of property immediately to the west of the Condominium.

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The Declarant shall be responsible for all expenses of and shall be entitled to receive all income from the Subsequent Phase Property until Units thereon are created and sold.

Section 11.2 Special Declarant Rights. The Declarant reserves the following Special Declarant Rights: (a) to complete any improvements shown on the Survey Maps and Plans; (b) to assign any unassigned parking spaces, storage lockers and A/C pads until it has conveyed all Units that it may create; (c) to maintain sales offices, management offices, signs advertising the Condominium, and models in Units which are not occupied and are for sale by the Declarant, in Units owned by the Declarant, and in the Common Elements and Limited Common Elements of the Condominium; (d) to use easements through the Common Elements and Limited Common Elements for the purpose of making improvements within the Condominium; and (e) to elect, appoint or remove any officer of the Association or any member of the Board during the period of Declarant Control as provided by Article 14.

Section 11.3 Transfer. The rights described in this Article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee and recorded in King County. The rights and liabilities of the parties involved in such a transfer and of all persons who succeed to any Development Right or Special Declarant Right are set out in RCW 64.34.316.

Article 12. ENTRY FOR REPAIRS OR MAINTENANCE.

The Association and its agents or employees may enter any Unit and the Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements, the Limited Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given Notice and an Opportunity to be Heard as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may levy a special Assessment against the Owner of the Unit for all or part of the cost of work that the Owner has failed to perform which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17.

Article 13. OWNERS ASSOCIATION.

Section 13.1 Form of Association. The Owners of Units shall constitute an owners association to be known as The McKee Owners Association. The Association shall be organized as a nonprofit corporation, no later than the date the first Unit in the

Condominium is conveyed. It will be governed by the Board the number of members of which shall be specified in the Bylaws of the Association. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, the Declaration and the Bylaws.

Section 13.2 Bylaws. The Board will adopt Bylaws to supplement the Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the Condominium Act or the Declaration.

Section 13.3 Qualification and Transfer. Each Owner of a Unit (including the Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member's Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 13.4 Powers of the Association. In addition to those actions authorized elsewhere in the Declaration, the Association shall have the power to:

13.4.1 Adopt and amend the Bylaws and the rules and regulations;

13.4.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Common Expenses, Limited Common Expenses, Special Allocations and special Assessments from Owners;

13.4.3 Hire and discharge or contract with Managing Agents and other employees, agents, and independent contractors;

13.4.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

13.4.5 Make contracts and incur liabilities;

13.4.6 Regulate the use, maintenance, repair, replacement, and modification of Common Elements and Limited Common Elements;

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13.4.7 Cause additional improvements to be made as a part of the Common Elements and Limited Common Elements, provided that improvements to the Limited Common Elements shall be a Limited Common Expense allocated to the Units to which the Limited Common Elements are assigned;

13.4.8 Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium; provided that:

13.4.8.1 If the estimated cost of any separate property acquisition or addition or improvement to the Condominium exceeds \$5,000 and has not been included in the current year's budget, the approval of the Owners holding a majority of the votes in the Association shall be required; and if such estimated cost exceeds \$25,000 and has not been included in the current year's budget, the approval of the Owners holding 75 percent of the votes in the Association shall be required;

13.4.8.2 No structural changes shall be made to a building without the approval of Owners holding at least 75% of the votes in the Association;

13.4.8.3 No structural change shall be made to a Unit without the approval of the Owner of that Unit;

13.4.8.4 If the improvement is part of the Limited Common Elements, the cost thereof shall be a Limited Common Expense allocated to the Owners of the Units to which the Limited Common Elements are assigned; and

13.4.8.5 The beneficial interest in any property acquired by the Association pursuant to this section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged or otherwise dealt with as the Board shall determine.

13.4.9 Grant easements, leases, licenses, and concessions through or over the Common Elements and Limited Common Elements and petition for or consent to the vacation of streets and alleys;

13.4.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements and Limited Common Elements and for services provided to Owners;

13.4.11 Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;

13.4.12 Impose and collect charges for late payment of Assessments as further provided in Article 17 and, after Notice and an Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and rules and regulations of the Association;

13.4.13 Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration, resale certificates required by RCW 64.34.425 and statements of unpaid Assessments;

13.4.14 Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

13.4.15 Assign its right to future income, including the right to receive Assessments;

13.4.16 Provide or pay, as part of the Common Expenses, the following utility services to both Residential Units and the Commercial Unit: garbage removal;

13.4.17 Provide or pay, as part of the Limited Common Expenses allocated to the Residential Units, the following utility services: water, sewer and gas; except that the cost of gas provided through the Association's meter shall be specially allocated between its use for the Residential Limited Common Elements and those Residential Units which have gas service through the Association's meter for fireplaces and/or stoves based on any reasonable method of allocation determined by the Board and the cost of water and sewer to the Residential Units and Commercial Units shall be specially allocated based on a meter maintained by the Association;

13.4.18 Exercise any other powers conferred by this Declaration or the Bylaws;

13.4.19 Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

13.4.20 Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 13.5 Financial Statements and Records. The Association shall keep financial records in accordance with generally accepted accounting principles and in sufficient detail to enable the Association to comply with the resale certificate requirements set forth in RCW 64.34.425. All financial and other

records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, an audited financial statement of the Association in accordance with generally accepted accounting principles. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. Any mortgagee shall, upon request, be entitled to receive the annual financial statement within 120 days following the end of the fiscal year. The Board, or persons having 35% of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner, at his expense, may at any reasonable time conduct an audit of the books of the Board and Association. Upon written request of FHLMC, FNMA, HUD, or VA, if it is a Mortgagee, the Association shall provide within a reasonable time the financial statement of the Association for the preceding fiscal year.

Section 13.6 Inspection of Condominium Documents, Books and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, the rules and regulations of the Association, and other books, records, and financial statements of the Association. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

Article 14. DECLARANT CONTROL PERIOD.

Section 14.1 Declarant Control Until Transition Date. Until the Transition Date, the Declarant shall have the right to appoint and remove all members of the Board; provided that (1) not later than 60 days after conveyance of 25 percent of the Units that may be created to Owners other than the Declarant, at least one member and not less than 25 percent of the members of the Board must be elected by Owners other than the Declarant; and (2) not later than sixty days after conveyance of 50 percent of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board must be elected by Owners other than the Declarant.

Section 14.2 Transition Date. Declarant Control of the Association shall terminate on the Transition Date. The Transition Date shall be no later than the earlier of: (a) 60 days after conveyance of 75 percent of the Units that may be created to Owners other than the Declarant; (b) five years after the first conveyance of a Unit to an Owner other than the Declarant; (c) two years after the last exercise of any Development Right to create Units; or (d) the date on which the Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders

the right to further appoint and remove officers and members of the Board. If the Declarant voluntarily surrenders control pursuant to (d) above, the Declarant may require that for the duration of the period of Declarant Control, specified actions of the Association or the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Section 14.3 Declarant's Transfer of Association Control. Within 60 days after the Transition Date, the Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by the Declarant including, but not limited to, the following:

14.3.1 The original or a photocopy of the recorded Declaration and each amendment to the Declaration;

14.3.2 The certificate of incorporation and a copy or duplicate original of the Articles as filed with the secretary of state;

14.3.3 The Bylaws;

14.3.4 The minute books, including all minutes and other books and records of the Association;

14.3.5 Any rules and regulations that have been adopted;

14.3.6 Resignations of officers and members of the Board who are required to resign because the Declarant is required to relinquish control of the Association;

14.3.7 The financial records, including cancelled checks, bank statements, and financial statements of the Association, and source documents from the time of incorporation of the Association through the date of transfer or control to the Owners;

14.3.8 Association funds or the control of the funds of the Association;

14.3.9 All tangible personal property of the Association, represented by the Declarant to be the property of the Association and inventory of the property;

14.3.10 Except for alterations to a Unit done by a Unit Owner other than the Declarant, the copy of the Declarant's plans and specifications utilized in the construction or remodeling of the Condominium, with a certificate of the Declarant or a licensed architect or engineer that the plans and specifications represent, to the best of such Person's knowledge and belief, the actual plans and specifications utilized by the Declarant in the construction or remodeling of the Condominium;

14.3.11 Insurance policies or copies thereof for the Condominium and the Association;

14.3.12 Copies of any certificates of occupancy that may have been issued for the Condominium;

14.3.13 Any other permits issued by governmental bodies applicable the Condominium in force or issued within one year before the Transition Date;

14.3.14 All original warranties that are still in effect for the Common Elements, or any other areas or facilities which the Association has a responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners manuals or instructions furnished to the Declarant with respect to installed equipment or building systems;

14.3.15 A roster of Unit Owners and Eligible Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records and the date of closing of the first sale of each Unit sold by the Declarant;

14.3.16 Any leases of the Common Elements or Limited Common Elements and other leases to which the Association is a party;

14.3.17 Any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Unit Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the Person performing the services; and

14.3.18 All other contracts to which the Association is a party.

Section 14.4 Audit of Records Upon Transfer. Upon termination of the period of Declarant Control, the records of the Association shall be audited as of the date of transfer by an independent certified public accountant in accordance with generally accepted auditing standards unless the Owners, other than the Declarant, by two-thirds vote, elect to waive the audit. The costs of the audit shall be a Common Expense.

Section 14.5 Termination of Contracts and Leases Made By the Declarant. If entered into before the Board elected pursuant to Section 15.1 takes office, (1) any management contract, employment contract, or lease of recreational or parking areas or facilities or (2) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, as defined by RCW 64.34.020(1), may be terminated without penalty by the Association at any time after the Board elected pursuant to Section 15.1 takes office upon not less than 90 days' notice to the other party or within such less notice period provided for without

penalty in the contract or lease. This section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this section.

Article 15. THE BOARD.

Section 15.1 Selection of the Board and Officers. Prior to the Transition Date, election or appointment of members of the Board shall be governed by Section 14.1. Within 30 days after the Transition Date, the Owners shall elect a Board, a majority of whom must be Unit Owners. The number of Board members and their terms of services shall be specified in the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws. The members of the Board and officers shall take office upon election. Removal of Board members, and their terms of service shall be as provided in the Bylaws.

Section 15.2 Powers of the Board; Adoption of Budget. Except as provided in this Declaration, the Bylaws or the Condominium Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Condominium Act, Declaration or the Bylaws.

Section 15.3 Managing Agent. The Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. If professional management has been required by HUD, FNMA, VA, FHLMC or other similar agency or corporation, the procedure for terminating professional management and assuming self-management shall be that procedure set forth in Article 26. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (1) for cause, on 30 days' written notice, or (2) without cause, on not more than 90 days' written notice.

Section 15.4 Limitations on Board Authority. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Article 26, to terminate the Condominium pursuant to Article 27, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board. The Board may, in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

Section 15.5 Right to Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following

procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Article 16. BUDGET AND ASSESSMENTS.

Section 16.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 16.2 Preparation of Budget. Not less than 30 days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses, Limited Common Expenses and Special Allocations of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for the operation, maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The Declarant shall prepare the initial budget for the first fiscal year of the Association.

Section 16.3 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. If the Board proposes a supplemental budget during any fiscal year that results in an increase in an Owner's Assessments, such budget shall not take effect unless ratified by the Unit Owners in accordance with this section.

Section 16.4 Supplemental Budget. If during the year the budget proves to be inadequate for any reason, including nonpayment

of any Owner's Assessment, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget shall be ratified pursuant to Section 16.3. The Declarant shall prepare a supplemental budget when additional Units are created pursuant to Article 4, but such budget need not be ratified by the Owners under Section 16.3 unless the supplemental budget proposes an increase in Assessments on the existing Units.

Section 16.5 Monthly Assessments. The amounts required by the Association for Common Expenses, Limited Common Expenses and Special Allocations as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly Assessment for each Unit is determined by the total Common Expense Liability and Limited Common Expense Liability allocated to each Unit in Schedule D times the total monthly installment for Common Expenses and Limited Common Expenses plus one-twelfth of any Special Allocations allocated to that Unit.

Section 16.6 Common Expenses. Common Expenses shall include the cost of operation, maintenance, repair and replacement of the Common Elements (but not the Limited Common Elements), the general expenses of the Association, including management and professional fees and costs, insurance and any other costs that the Board determines benefits both Residential and Commercial Units. Common Expenses shall be allocated to all Unit Owners in accordance with their Common Expense Liability.

Section 16.7 Limited Common Expenses. Limited Common Expenses shall include the cost of operation, maintenance, repair and replacement of the Limited Common Elements. Limited Common Expenses shall be allocated in the aggregate to the Unit Owners of the Units to which the Limited Common Elements are assigned in accordance with their Limited Common Expense Liability.

Section 16.8 Special Allocations. The Board shall allocate among the Unit Owners, on any reasonable basis, the cost of gas used for the swimming pool, fireplaces and gas stoves. The amount allocated for the swimming pool shall be a Limited Common Expense allocated to the Owners of the Residential Units. The amount allocated for fireplaces and for stoves for gas service through the Association's meter shall be allocated as a Special Allocation to the Owners of the Residential Units which have fireplaces and/or gas stoves served through the Association's meter. The cost of water and sewer service to the Condominium shall be paid by the Association and shall be allocated between the Residential Units, as a Residential Limited Common Expense, and the Commercial Unit or Units served based on a water meter maintained by the Association.

Section 16.9 Commencement of Assessments. Monthly Assessments begin accruing for all Units in Phase I upon the closing of the sale of the first Unit in Phase I by the Declarant; provided that the Declarant may delay the commencement of

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Assessments and pay all actual Common Expenses and Limited Common Expenses (but no allocations to reserves). Monthly Assessments shall begin accruing with respect to all Units added in Phase II upon the first closing of a sale of a Unit added in that phase; provided that the Declarant may delay the commencement of Assessments against the Units in that phase and pay all actual Common Expenses and Limited Common Expenses (but no allocations to reserves) associated with the improvements on the Phase II property. Until the commencement of Assessments against Units in Phase II, all costs associated with the operation, maintenance, repair and replacement of the improvements on that property, except the operation of the garage, shall be borne solely by or allocated to the Declarant. During such time as garbage collection charges or other service charges are based on the number of occupied Units, any Units owned by the Declarant and not occupied shall be exempt from Assessment for such charges.

Section 16.10 Costs Relating to Portion of Condominium Subject to Development Rights. In addition to the Declarant's obligation to pay Assessments as a Unit Owner as provided above, the Declarant shall pay all actual expenses associated with the development, construction, operation, maintenance, repair and replacement of the property and buildings subject to Development Rights, except that the Association shall pay as a Limited Common Expense of the Residential Units the costs of operating the garage. In particular, the Declarant shall pay all actual expenses associated with the improvements on the Subsequent Phase Property until Assessments have commenced with respect to Units created on that property.

Section 16.11 Initial Contribution to Working Capital. In connection with the closing of the sale of the first Unit in each Phase and of the sale of each additional Unit in that Phase, the initial purchaser shall pay to the Association as a nonrefundable initial contribution to the Association working capital in an amount equal to two times the estimated monthly Assessment against the Unit, which amount shall not be considered as an advance payment of regular Assessments. On the Transition Date, the Declarant shall make such contribution for any Units remaining unsold on that date and shall be entitled to be reimbursed the amount so paid as each such Unit is conveyed. The Declarant shall not use any of the working capital fund to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits prior to the Transition Date.

Section 16.12 Special Assessments. For those Common Expenses and Limited Common Expenses which cannot reasonably be calculated and paid on a monthly basis, the Board may levy a special Assessment for such expenses, subject to ratification by the Owners pursuant to Section 16.3. To the extent that any Common Expense or Limited Common Expense is caused by the misconduct of an Owner or tenant of any Unit, the Association may, after Notice and Opportunity to be Heard, specially assess that expense against the Owner of that Unit.

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Section 16.13 Creation of Reserves; Assessments. The Board shall create reserve accounts for anticipated expenses for repairs, replacement and improvements to the Common Elements and Limited Common Elements which will occur in the future in order to accumulate sufficient funds to pay such expenses when they occur. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

Section 16.14 Notice of Assessments. The Board shall notify each Owner in writing of the amount of the monthly general and special Assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and the Common Expense Liability and Limited Common Expense Liability allocations which apply to the Unit, on which the general and special Assessments are based. The Board shall furnish the same information to an Owner's Mortgagee if so requested.

Section 16.15 Payment of Monthly Assessments. On or before the first day of each calendar month each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit for that month. Any Assessment not paid by the first day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 17.

Section 16.16 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 16.17 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent year, and the monthly Assessments amounts established for the preceding year shall continue until new Assessments are established.

Section 16.18 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid Assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 16.19 Recalculation of Assessments. When Common Expense Liabilities and Limited Common Expense Liabilities are reallocated upon the commencement of Assessments against Units in Phase II, Assessments for Common Expenses and Limited Common Expenses, special Assessments, and any installment thereof not yet

due shall be recalculated in accordance with the reallocated liabilities.

Article 17. LIEN AND COLLECTION OF ASSESSMENTS.

Section 17.1 Assessments Are a Lien; Priority. The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Article shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of this Declaration; (b) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, EXCEPT to the extent of Assessments for Common Expenses and Limited Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association pursuant to Article 16 which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a mortgagee, the date of trustee's sale in a nonjudicial foreclosure of a mortgage, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract; PROVIDED that the priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee or by a mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that such lien priority includes any delinquencies which relate to a period after such mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives such mortgagee a written notice of the delinquency; and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments; however, the Association may record a notice of claim of lien for Assessments in the real property records of the county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to above.

Section 17.2 Lien May be Foreclosed; Judicial Foreclosure. The lien arising under this article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12, or nonjudicially in the manner set forth in Section 17.3. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this section shall prohibit the Association from taking a deed in lieu of foreclosure. Except as provided in the exception to (b) in Section 17.1, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure shall not be liable for

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any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 17.3 Nonjudicial Foreclosure. A lien arising under this article may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure deeds of trust. For the purpose of preserving the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to First American Title Insurance Company or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien nonjudicially pursuant to this section, it shall not be entitled to the lien priority over mortgages provided in exception (b) of Section 17.1.

Section 17.4 Receiver During Foreclosure. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

Section 17.5 Assessments Are Personal Obligation. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges provided in this article, shall be the personal obligation of the Owner of the Unit when the Assessment is made. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 17.6 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

Section 17.7 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 17.8 Late Charges and Interest on Delinquent Assessments. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established nonusurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

Section 17.9 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 17.10 Security Deposit. An Owner who has been delinquent in paying his monthly Assessments for three of the five preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three months' estimated monthly Assessments, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is ten days or more delinquent in paying Assessments.

Section 17.11 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Article 18. ENFORCEMENT OF DECLARATION, BYLAWS AND RULES AND REGULATIONS.

Section 18.1 Rights of Action. Each Owner, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association or by an Owner.

Section 18.2 Failure of Board to Insist on Strict Performance No Waiver. The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board. This Article also extends to the Declarant.

Article 19. TORT AND CONTRACT LIABILITY.

Section 19.1 Declarant Liability. Neither the Association nor any Owner except the Declarant is liable for the Declarant's torts in connection with any part of the Condominium which the Declarant has the responsibility to maintain. Otherwise, an action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer or director of the Association. If the wrong by the Association occurred during any period of Declarant Control and the Association gives the Declarant reasonable notice of and an opportunity to defend against the action, the Declarant who then controlled the Association is liable to the Association or to any Owner: (1) for all tort losses not covered by insurance suffered by the Association or that Owner; and (2) for all costs which the Association would not have incurred but for a breach of contract or other wrongful act or omission by the Association. If the Declarant does not defend the action and is determined to be liable to the Association under this section, the Declarant is also liable for all litigation expenses, including reasonable attorneys' fees, incurred by the Association in such defense. Any statute of limitations affecting the Association's right of action under this Section is tolled until the period of Declarant Control terminates. An Owner is not precluded from bringing an action contemplated by this section because she is a Unit Owner or a member or officer of the Association.

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Section 19.2 Limitation of Liability for Utility Failure, etc. Except to the extent covered by insurance obtained by the Board, neither the Association, the Board, the Managing Agent, nor the Declarant shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may leak or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 19.3 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or the Declarant or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

Article 20. INDEMNIFICATION.

Each Board member, Association committee member, Association officer, the Declarant and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of such person's duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

Article 21. INSURANCE.

Section 21.1 General Requirements. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to

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provide (a) property insurance; (b) commercial general liability insurance; (c) fidelity insurance; (d) worker's compensation insurance to the extent required by applicable laws; (e) directors and officers liability insurance; and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington, and meet the specific requirements of FNMA, HUD, VA and FHLMC regarding the qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property, liability and fidelity insurance that meets the insurance requirements for condominium projects established by FNMA, HUD, FHLMC, and VA so long as any of them is a holder of a mortgage or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to any and all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgagees.

Section 21.2 Property Insurance. The property insurance shall, at the minimum, provide all risk or special cause of loss coverage in an amount equal to the full replacement cost of the Common Elements, Limited Common Elements and equipment, fixtures, improvements in the Units installed by the Declarant, and personal property of the Association with an "Agreed Amount Endorsement" and, if required by FNMA or FHLMC, construction code endorsements, such as a "Demolition Cost Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," an "Increased Cost of Construction Endorsement," and such other endorsements as FNMA or FHLMC deems necessary and are available. The policy shall provide a separate loss payable endorsement in favor of the Mortgagee of each Unit. The Association or insurance trustee, if any, shall hold insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Each Owner and the Owner's Mortgagee, if any, shall be beneficiaries of the policy in accordance with the interest in the Common Elements appertaining to the Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon request.

Section 21.3 Commercial General Liability Insurance. The liability insurance coverage shall insure the Board, the Association, the Owners, the Declarant, and the Managing Agent, and cover all of the Common Elements and Limited Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Common Elements and Limited Common Elements, liability in connection with

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employment contracts of the Association, host liquor liability, employers' liability insurance, automobile liability insurance, and such other risks as are customarily covered with respect to residential condominium projects of similar construction, location and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence and \$2,000,000 general aggregate.

Section 21.4 Insurance Trustee; Power of Attorney. The named insured under the policies referred to in Sections 21.2 and 21.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interests in the Common Elements. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. Subject to the provisions of Section 21.8, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purposes.

Section 21.5 Additional Policy Provisions. The insurance obtained pursuant to Sections 21.2 and 21.3 shall contain the following provisions and limitations:

21.5.1 Each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

21.5.2 Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the property superior to the lien of a first mortgage.

21.5.3 If, at the time of the loss under the policy, there is other insurance in the name of the Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

21.5.4 Coverage shall not be prejudiced by (a) any act, omission or neglect of the Owners of Units when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) failure of the Association to

comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

21.5.5 A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner of any Unit, and/or their respective agents, members of the Owner's household, employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

21.5.6 A standard mortgagee clause which shall:

(a) Provide that any reference to a mortgagee in the policy shall mean and include all Mortgagees of any Unit or Unit lease or sublease in their respective order of preference, whether or not named therein;

(b) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any persons under any of them;

(c) Waive any provision invalidating such mortgage clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the Mortgagee pay any premium thereon, and any contribution clause; and

(d) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

Section 21.6 Fidelity Insurance. The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other persons who handle or are responsible for handling funds of or administered by, the Association. The Managing Agent shall maintain fidelity insurance for its officers, employees, and agents who handle or who are responsible for handling funds of, or funds administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy, but, in no event, shall the aggregate amount of insurance be less than three months' aggregate assessments. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Section 21.7 Owners' Individual Insurance. An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

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Section 21.8 Use of Insurance Proceeds. Any portion of the Condominium for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Association pursuant to Article 22 unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) Owners holding at least 80% of the votes in the Association, including every Owner of a Unit or Limited Common Element which will not be rebuilt and the Declarant if it is the Owner of a Unit or has the right to create Units pursuant to Article 4, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense or Limited Common Expense depending upon whether the cost relates to Common Elements or Limited Common Elements. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) The insurance proceeds attributable to the damaged Common Elements and Limited Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the interest in Common Elements of each Unit. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 23, and the Association promptly shall prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this Section, Article 27 governs the distribution of insurance proceeds if the Condominium is terminated.

Section 21.9 Subsequent Phase Property. The Declarant shall maintain for its own benefit such insurance as it deems appropriate covering the improvements on the Subsequent Phase Property. The Declarant shall be the beneficial owner of all of the improvements on the Subsequent Phase Property until Units thereon are created.

Article 22. DAMAGE AND REPAIR OR DAMAGE TO PROPERTY

Section 22.1 Initial Board Determination. In the event of damage to any Common Element, Limited Common Element or to any portion of a Unit or its equipment or appliances covered by the Association's insurance policy, the Board shall promptly, and in all events within 30 days after the date of damage, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

22.1.1 The nature and extent of the damage, together with an inventory of the improvements and property directly affected thereby.

22.1.2 A reasonably reliable estimate of the cost to repair the damage, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.

22.1.3 The expected insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

22.1.4 The amount, if any, by which the estimated cost of repair exceeds the expected insurance proceeds, and the amount of the Assessments that would have to be made against each Unit if the excess cost were to be paid as a Common Expense or Limited Common Expense and assessed against all the Units in proportion to their Common Expense Liabilities or Limited Common Expense Liabilities, as the case may be.

Section 22.2 Notice of Damage. The Board shall promptly, and in all events within 30 days after the date of damage, shall file a proof of loss statement with the insurance company if the loss is covered by insurance and abide by all terms and conditions of its insurance policies, unless the Board determines it would not be in the best interest of the Association to file a proof of loss. The Board shall then provide each Owner and each holder of a first mortgage on a Unit with a written notice describing the damage and summarizing the initial Board determinations made under Section 22.1. If the Board fails to do so within the 30-day period, any Owner or Mortgagee may make the determinations required under Section 22.1 and give the notice required under this Section.

Section 22.3 Definitions: Damage, Substantial Damage, Repair, Emergency Work. As used in this Article:

22.3.1 Damage shall mean all kinds of damage, whether of slight degree or total destruction.

22.3.2 Substantial Damage shall mean that in the judgment of a majority of the Board the estimated Assessment determined under Section 22.1.4 for any one Unit exceeds ten percent of the full, fair market value of the Unit before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.

22.3.3 Repair shall mean restoring the improvements to substantially the condition they were in before they were damaged, with each Unit and the Common Elements and Limited Common Elements and having substantially the same boundaries as before. Modifications to conform to applicable governmental rules and regulations or available means of construction may be made.

22.3.4 Emergency Work shall mean work that the Board deems reasonably necessary to avoid further damage or substantial diminution in value to the improvements and to protect the Owners from liability from the condition of the site.

Section 22.4 Execution of Repairs.

22.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefor as provided in Section 21.8. If the cost of repair exceeds the available insurance proceeds the Board shall impose an Assessment against all Units in proportion to their Common Expense Liabilities for repairs to the Common Elements or Limited Common Expense Liabilities for repairs to the Limited Common Elements in an amount sufficient to pay the excess costs.

22.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractors and others, and take such other action as is reasonably necessary to make the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments, has provided for paying the cost. The Board may authorize the insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law.

22.4.3 The Board may enter into a written agreement with a reputable financial institution or trust or escrow company that the institution or company shall act as an insurance trustee to adjust and settle any claim for casualty loss in excess of \$50,000, or for the institution or company to collect the insurance proceeds and carry out the provisions of this Article.

Section 22.5 Damage Not Substantial. If the damage as determined under Subsection 22.3.2 is not substantial, the provisions of this section shall apply.

22.5.1 Either the Board or the requisite number of Owners, within 15 days after the notice required under Section 22.2 has been given, may but shall not be required to, call a special Owners' meeting in accordance with Section 13.4 and the Bylaws to decide whether to repair the damage.

22.5.2 Except for emergency work, no repairs shall be commenced until after the 15-day period and until after the conclusion of the special meeting if such a special meeting is called within the 15 days.

22.5.3 A decision to not repair or rebuild may be made in accordance with Section 21.8.

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Section 22.6 Substantial Damage. If the damage determined under Section 22.3.2 is substantial, the provisions of this section shall apply.

22.6.1 The Board shall promptly, and in all events within 30 days after the date of damage, call a special Owners' meeting to consider repairing the damage. If the Board fails to do so within 30 days, then notwithstanding the provisions of Section 13.4 and the Bylaws, any Owner or first mortgagee of a Unit may call and conduct the meeting.

22.6.2 Except for emergency work, no repairs shall be commenced until the conclusion of the special Owners' meeting.

22.6.3 At the special meeting, the following consent requirements will apply:

(a) The Owners shall be deemed to have elected to repair the damage in accordance with the original plan unless the Owners of at least 80% of the total voting power of the Condominium other than that held by the Declarant, including every Owner of a Unit which will not be rebuilt and every Owner of a Unit to which a Limited Common Element which will not be rebuilt is allocated, have given their written consent not to repair the damage.

(b) The unanimous consent of all Owners will be required to elect to rebuild in accordance with a plan that is different from the original plan.

(c) In addition to the consent by the Owners specified above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan will require the approval of eligible holders of first mortgages on Units that have at least 51% of the votes subject to eligible holder mortgages.

(d) Failure to conduct the special meeting provided for under Section 22.6.1 within 90 days after the date of damage shall be deemed a unanimous decision to repair the damage in accordance with the original plan.

Section 22.7 Effect of Decision Not to Repair. In the event of a decision under either Section 22.5.3 or 22.6.3 not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as provided in Section 21.8.

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Article 23. CONDEMNATION.

Section 23.1 Consequences of Condemnation; Notices. If any Unit or portion thereof or the Common Elements or Limited Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner and to each holder of a first mortgage and the provisions of this Article shall apply.

Section 23.2 Power of Attorney. Each Owner appoints the Association as attorney-in-fact for the purpose of representing the Owners in condemnation proceedings and negotiations, settlements and agreements with the condemning authority for acquisition of Common Elements or Limited Common Elements or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the Owners in carrying out the foregoing functions in lieu of the Association. Should the Association not act, based on their right to act pursuant to this section, the affected Owners may individually or jointly act on their own behalf.

Section 23.3 Condemnation of a Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the condemnation of a Unit shall be paid to the Owner or lienholder of the Unit as their interests may appear. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Element.

Section 23.4 Condemnation of Part of a Unit. Except as provided in Section 23.3, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the condemnation awarded to the Unit Owner shall be paid to the Owner or lienholders of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides: (a) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit

participating in the reallocation on the basis of its reduced Allocated Interests.

Section 23.5 Condemnation of Common Element or Limited Common Element. If part of the Common Elements is acquired by condemnation the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective interests in the Common Elements, or to lienholders, as their interests may appear. Any portion of the award attributable to the acquisition of a Limited Common Element shall be divided among the Owners of the Units to which that Limited Common Element was allocated at the time of the acquisition in accordance with their respective interests in Common Elements. If the Board determines that a particular Owner's interest in the Common Elements diminished with respect to other Owners, by the acquisition of a Common Element, the Declaration may be amended to adjust that Owner's Common Expense Liability allocation, or to remove the allocation of a Limited Common Element to that Owner's Unit, as the case may be.

Section 23.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 22.

Article 24. EASEMENTS.

Section 24.1 In General. Each Unit has an easement in and through each other Unit and the Common Elements and Limited Common Elements for all support elements and utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium.

Section 24.2 Encroachments. To the extent not provided by the definition of "Unit" in the Declaration and in the Condominium Act, each Unit and all Common Elements and Limited Common Elements are hereby declared to have an easement over all adjoining Units and Common Elements and Limited Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and Common Elements and Limited Common Elements so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

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Section 24.3 Easements Reserved by the Declarant. The Declarant reserves an access easement over, across, and through the Common Elements and Limited Common Elements of the Condominium for the purpose of completing any unfinished Units or other improvements, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, and discharging the Declarant's obligations or exercising Development Rights or Special Declarant Rights. The Declarant further reserves mutual non-exclusive easements over, across, and through the Common Elements and Limited Common Elements of the Condominium (i.e., the land described in Schedule A, as it may from time to time be amended by the Declarant) and over any land which is withdrawn from the Condominium pursuant to Article 4 (the "Withdrawn Land") for the benefit of the Declarant and its successors and assigns as present and future owners of the Withdrawn Land, and for the benefit of the Association and all Owners of Units in the Condominium for ingress to and egress through the garage and over the pathways of the Condominium and the Withdrawn Land, the right to have access to and to tie into and utilize any water, sanitary sewer, storm sewer, electricity, gas, telephone, cable television, or other utility lines now or hereafter established in the Condominium and on the Withdrawn Land located on the property described in Exhibit A. The easements reserved hereby shall not be exercised in a manner that will overload or materially impair the use and enjoyment of the roadways, pathways and utilities by Unit Owners or the present and future owners of the Withdrawn Land. The easements reserved hereby shall mutually benefit the land described in Schedule A and Schedule B, as they may be amended, irrespective of whether that land is added to the Condominium, withdrawn from the Condominium or is used for any other purpose. The Declarant reserves the right to grant an easement for ingress and egress through the garage of the Condominium for the benefit of property immediately to the west of the Condominium. This Section 24.3 may not be altered or amended without the written consent of the Declarant.

Section 24.4 Utility Easements Granted by the Declarant. The Declarant grants to each company or municipality providing utility services to the Condominium or to the Owners of Units in the Condominium an easement for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such utilities services as water, sanitary sewer, storm sewer, electricity, cable television and telephone, and an easement for access over and under the roadways and Common Elements and Limited Common Elements of the Condominium to the utility service facilities.

Article 25. PROCEDURES FOR SUBDIVIDING OR ALTERING UNITS.

Section 25.1 Submission of Proposal to Subdivide Unit. No Unit or Units shall be subdivided either by agreement or legal proceedings, except as provided in this Article. An Owner may

propose subdividing a Unit or Units by submitting the proposal in writing to the Board and to all other Owners and mortgagees of the Unit to be subdivided or combined. Such proposal to subdivide must also be given to every first mortgagee of any Unit in the Condominium. The proposal must include complete plans and specifications for accomplishing the subdivision and proposed amendments of this Declaration and the Survey Map and Plans which amendments shall be executed by the Owner of the Unit to be subdivided upon approval pursuant to Section 25.2, and which amendments assign an identifying number to each Unit created, and reallocate the allocated interests and liabilities formerly allocated to the subdivided Unit to the new Units in any reasonable manner prescribed by the Owner of the subdivided Unit. The Owner of the Unit to be subdivided shall bear all costs of the subdivision.

Section 25.2 Approval Required for Subdivision. A proposal that contemplates subdivision of a Unit will be accepted only if approved in writing by all Owners and mortgagees of the Unit or Units to be subdivided, the Board and 51% of Eligible Mortgagees.

Section 25.3 Minor Alterations. No Unit may be altered in any way except in accordance with this Article. An Owner may make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. An Owner may not change the appearance of the Common Elements or Limited Common Elements or the exterior appearance of a Unit without permission of the Association pursuant to the procedures of Section 25.5.

Section 25.4 Adjoining Units. After acquiring an adjoining Unit or an adjoining part of any adjoining Unit, an Owner may, with approval of the Board pursuant to Section 25.5, remove or alter any intervening partition or create openings therein, even if the partition in whole or in part is a Common Element or Limited Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of openings under this subsection is not a relocation of boundaries. The Owner's proposal to act under this section shall be submitted to the Board and shall include the plans and specifications for the proposed removal or alteration.

Section 25.5 Substantial Alteration. A proposal that contemplates substantial alteration of one or more Units is subject to approval by the Board. The Board shall approve an Owner's request under this Section within 30 days, unless the proposed alteration does not comply with Section 25.4 or impairs the structural integrity or mechanical or electrical systems in the Condominium. The failure of the Board to act upon a request within such period shall be deemed approval thereof.

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Section 25.6 Procedure After Approval. Upon approval of a proposal under this article, the Owner making it may proceed according to the proposed plans and specifications; provided that the Board may in its discretion require that the Board administer the work or that provisions for the protection of other Units or Common Elements or Limited Common Elements or that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map Plans and Declaration shall be placed of record as amendments thereto.

Section 25.7 Relocation of Boundaries -- Adjoining Units. The boundaries between adjoining Units may only be relocated by an amendment to the Declaration, pursuant to Article 26, upon application to the Board by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their allocated interests, the application must state the proposed reallocations. Unless the Board determines within 30 days, that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by the Unit Owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee. The Association shall obtain and record survey maps or plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and identifying numbers. The Owner or Owners benefited by a reallocation of Unit boundaries shall bear all costs associated therewith in proportion to the relative benefits to each such Unit as determined by the Board.

Article 26. AMENDMENT OF DECLARATION SURVEY MAP AND PLANS, ARTICLES OR BYLAWS.

Section 26.1 Procedures. Except in cases of amendments that may be executed by the Declarant under the Declaration or the Condominium Act, the Declaration, the Survey Map and Plans, the Articles and the Bylaws may be amended only by vote or agreement of the Owners, as specified in this article. An Owner may propose amendments to this Declaration or the Survey Map and Plans, the Articles or the Bylaws to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners with 20% or more of the votes in the Association, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice must be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including Eligible Mortgagees) entitled to receive notices. Upon the adoption of an amendment and the obtaining of any necessary consents of Eligible Mortgagees as provided below,

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amendment to the Declaration or the Survey Map and Plans will become effective when it is recorded or filed in the real property records in the county in which the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. Such amendments shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

Section 26.2 Percentages of Consent Required. Except as provided in Article 4 in connection with the exercise of Development Rights by the Declarant or in Articles 22 and 23 in the case of damage or condemnation of the property, the percentages of consent of Owners and mortgagees required for adoption of amendments to the Declaration, the Survey Map and Plans, the Articles and the Bylaws are as follows:

26.2.1 The consent of Owners holding at least 67% of the votes in the Association, including Owners other than the Declarant holding at least 67% of the votes in the Association excluding votes held by the Declarant, and the consent of Eligible Mortgagees that have at least 51% of the votes of Units subject to Eligible Mortgagees shall be required to materially amend any provisions of the Declaration, the Survey Map and Plans, the Articles or the Bylaws, or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following: (a) voting rights; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance, repair, or replacement of the Common Elements; (d) responsibility for maintenance and repair of any portion of the Condominium; (e) rights to use Common Elements and Limited Common Elements; (f) reallocation of interests in Common Elements or Limited Common Elements or rights to their use; (g) redefinition of any Unit boundaries; (h) convertibility of Units into Common Elements or Common Elements into Units; (i) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (j) hazard or fidelity insurance requirements; (k) imposition of any restrictions on leasing of Units; (l) imposition of any restriction on the right of an Owner to sell or transfer a Unit; (m) establishment of self-management of the Condominium after professional management has been required by FNMA, FHLMC, or other similar agency or corporation or by an Eligible Mortgagee; (n) restoration or repair (after damage or partial condemnation) in a manner other than specified in the Declaration or Survey Map and Plans; or (o) any provisions which are for the express benefit of holders of first mortgages.

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26.2.2 An amendment that creates or increases Development Rights or Special Declarant Rights, increases the number of Units (other than an amendment creating Units in Phase II), changes the boundaries of any Unit, the Allocated Interests of a Unit (except an amendment creating Units in Phase II), or the uses to which any Unit is restricted shall require the vote or agreement of the Owner of each Unit particularly affected, the Declarant (if the Declarant owns a Unit or has the rights to exercise any Development Rights or Special Declarant Rights) and the Owners having at least 90% of the votes in the Association other than the Declarant.

26.2.3 All other amendments shall be adopted if consented to by 67% of the Owners.

26.2.4 An Eligible Mortgagee who receives a written request to consent to an amendment who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have consented to such request.

26.2.5 If the Condominium has received a project approval from the VA, the approval of the VA will be required for any amendment to the Declaration, Articles, Bylaws or Survey Map and Plans adopted prior to the Transition Date.

Section 26.3 Limitations on Amendments. No amendment may restrict, eliminate, or otherwise modify any Development Right or Special Declarant Right provided in the Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Development Right or Special Declarant Right or in any real property subject thereto, excluding Mortgagees of Units owned by persons other than the Declarant.

Article 27. TERMINATION OF CONDOMINIUM.

Section 27.1 Action Required. Except as provided in Articles 4, 21 and 22, the Condominium may be terminated only by agreement of Owners of Units to which at least 80% of the votes in the Association are allocated and with the consent of Eligible Mortgagees of Units to which at least 67% of the votes in the Association are allocated and in accordance with the Condominium Act. An Eligible Mortgagee who receives a written request to consent to termination who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested.

Section 27.2 Condominium Act Governs. The provisions of the Condominium Act relating to termination of a condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including, but not limited to, the

disposition of the real property in the Condominium and the distribution of proceeds from the sale of that real property.

Article 28. NOTICES.

Section 28.1 Form and Delivery of Notice. Unless provided otherwise in this Declaration, all notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either Personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the Declarant until the Transition Date, and thereafter shall be given to the president or secretary of the Association.

Section 28.2 Notices to Eligible Mortgagees. An Eligible Mortgagee is a Mortgagee that has filed with the secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the Eligible Mortgagee and the Identifying Number or address of the Unit on which it has (or insures or guarantees) a Mortgage. Until such time thereafter that the Eligible Mortgagee withdraws the request or the mortgage held, insured or guaranteed by the Eligible Mortgagee is satisfied, the Board shall send to the Eligible Mortgagee timely written notice of (a) any proposed amendment of the Declaration or Survey Map and Plans effecting a change in (i) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the interest in the Common Elements or the liability for Common Expenses or Limited Common Expenses, (iv) the number of votes in the Association allocated to any Unit, or (v) the purposes to which a Unit or the Common Elements or Limited Common Elements are restricted; (b) any proposed termination of condominium status, transfer of any part of the Common Elements, or termination of professional management of the Condominium; (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Mortgagee has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of Assessments or charges owed by an Owner of a Unit on which an Eligible Mortgagee had a mortgage; (e) any lapse, cancellation, or material modification of any insurance policy maintained by the Association pursuant to Article 21; (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees pursuant to Articles 22, 25, or 26.

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Article 29. SEVERABILITY.

The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remaining provision or provisions comply with the Condominium Act.

Article 30. EFFECTIVE DATE.

This Declaration shall take effect upon recording.

Article 31. REFERENCE TO SURVEY MAP AND PLANS.

The Survey Map and Plans were filed with the Recorder of King County, Washington, simultaneously with the recording of this Declaration under File No. 9408290230, in Volume 120 of Condominiums, pages 27 through 42.

Article 32. ASSIGNMENT BY DECLARANT.

The Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the property then owned by it and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration.

DATED: Aug. 29, 1994 DECLARANT

INTRAWEST PROPERTIES PARTNERSHIP U.S., a Washington general partnership

By INTRACO HOLDINGS PARTNERSHIP, a Washington general partnership, its Managing General Partner

By INTRAWEST REAL ESTATE, L.L.C., a Wyoming limited liability company, its Managing General Partner

By IW INVESTMENT CORPORATION, a Washington corporation, its duly appointed Manager

By Raean Padua - President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

KARON Anderson-Bittner is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Vice-President of IW INVESTMENT CORPORATION, a Washington corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

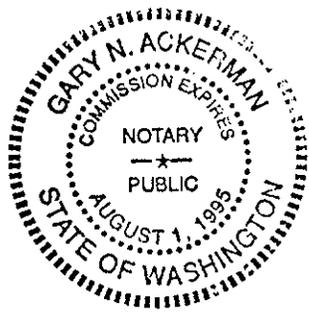
Dated this 24th day of August, 1994.

Gary N. Ackerman
(Signature of Notary)

GARY N. ACKERMAN
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at Seattle

My appointment expires Aug 1, 1995



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Schedule A

THE MCKEE, A CONDOMINIUM

Description of Land

PARCEL A

THAT PORTION OF THE EAST ONE-HALF OF TRACT 6 OF SHARP'S SUBDIVISION OF CHERITON FRUIT GARDEN TRACTS AS RECORDED IN VOLUME 7 OF PLATS, PAGE 45, RECORDS OF KING COUNTY, WASHINGTON, LYING WEST OF A LINE DRAWN PARALLEL TO AND 466 FEET EAST OF THE WEST LINE OF SAID LOT 6; EXCEPT THE SOUTH 100 FEET THEREOF; AND EXCEPT ANY PORTION CONVEYED TO KING COUNTY FOR N.E. 1ST STREET BY RECORDING NO. 3168362; TOGETHER WITH THAT PORTION OF THE WEST ONE-HALF OF SAID TRACT 6 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID WEST HALF, SAID CORNER BEING A TACK AND TAG ON NORTH MARGIN OF MAIN STREET SET BY TRIAD ASSOCIATES PER RECORD OF SURVEY IN VOLUME 36 OF SURVEYS, PAGE 194, KING COUNTY, WASHINGTON; THENCE NORTH 00°20'50" WEST ALONG THE EAST LINE OF SAID WEST HALF, 318.56 FEET TO THE SOUTH MARGIN OF N.E. 1ST STREET; THENCE NORTH 87°38'05" WEST ALONG SAID SOUTH MARGIN 14.64 FEET; THENCE SOUTH 00°10'18" EAST 34.62 FEET TO AN EXISTING IRON PIPE SET BY DODDS ENGINEERS, INC. IN 1959; THENCE CONTINUING SOUTH 00°10'18" EAST 284.07 FEET TO THE NORTH MARGIN OF SAID MAIN STREET, SAID POINT BEING THE CENTER OF AN EXISTING 8-INCH WIDE CONCRETE RETAINING WALL; THENCE SOUTH 88°16'36" EAST ALONG SAID NORTH MARGIN 15.61 FEET TO THE POINT OF BEGINNING.

PARCEL B

THE SOUTH 100 FEET OF THE EAST HALF OF LOT 6, CHERITON FRUIT GARDENS, SHARP'S SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 7 OF PLATS, PAGE 45, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT THAT PORTION LYING EASTERLY OF A LINE 466 FEET EASTERLY OF AND PARALLEL TO THE WEST LINE OF SAID LOT 6.

PARCEL C

BEGINNING AT A POINT ON THE SOUTH LINE OF LOT 6 IN SHARP'S SUBDIVISION OF CHERITON FRUIT GARDEN TRACTS, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 45, RECORDS OF KING COUNTY, 466 FEET EAST TO THE SOUTHWEST CORNER OF SAID LOT; THENCE EASTERLY, ALONG SAID SOUTH LINE, 25 FEET TO A POINT 491 FEET EAST OF SAID SOUTHWEST CORNER; THENCE NORTHERLY, PARALLEL WITH THE EAST LINE OF SAID LOT, 100 FEET; THENCE WESTERLY, PARALLEL WITH THE SOUTH LINE OF SAID LOT, 25.24 FEET, MORE OR LESS, TO A POINT WHICH IS NORTHERLY, AS MEASURED PARALLEL WITH THE WEST LINE OF SAID LOT, FROM THE POINT OF BEGINNING; THENCE SOUTHERLY, PARALLEL WITH SAID WEST LINE, 100.01 FEET, MORE OF LESS, TO THE POINT OF BEGINNING.

ALL SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

Schedule B

THE MCKEE, A CONDOMINIUM

Description of Land Subject
to Development Rights

THAT PORTION OF THE EAST ONE-HALF OF TRACT 6 OF SHARP'S SUBDIVISION OF CHERITON FRUIT GARDEN TRACTS AS RECORDED IN VOLUME 7 OF PLATS, PAGE 45, RECORDS OF KING COUNTY, WASHINGTON, LYING WEST OF A LINE DRAWN PARALLEL TO AND 466 FEET EAST OF THE WEST LINE OF SAID LOT 6; TOGETHER WITH THAT PORTION OF THE WEST ONE-HALF OF SAID TRACT 6 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID WEST HALF, SAID CORNER BEING A TACK AND TAG ON THE NORTH MARGIN OF MAIN STREET SET BY TRIAD ASSOCIATES PER RECORD OF SURVEY IN VOLUME 36 OF SURVEYS, PAGE 194, KING COUNTY, WASHINGTON; THENCE NORTH 00°20'50" WEST ALONG THE EAST LINE OF SAID WEST HALF, 318.56 FEET TO THE SOUTH MARGIN OF N.E. 1ST STREET; THENCE NORTH 87°38'05" WEST ALONG SAID SOUTH MARGIN 14.64 FEET TO A POINT HEREINAFTER CALLED "POINT A"; THENCE SOUTH 00°10'18" EAST 34.62 FEET TO AN EXISTING IRON PIPE SET BY DODDS ENGINEERS, INC. IN 1959; THENCE CONTINUING SOUTH 00°10'18" EAST 284.07 FEET TO THE NORTH MARGIN OF SAID MAIN STREET, SAID POINT BEING THE CENTER OF AN EXISTING 8-INCH WIDE CONCRETE RETAINING WALL; THENCE SOUTH 88°16'36" EAST ALONG SAID NORTH MARGIN 15.61 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION THEREOF LYING SOUTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT AFOREMENTIONED "POINT A"; THENCE SOUTH 00°10'18" EAST 34.62 FEET TO AN EXISTING IRON PIPE SET BY DODDS ENGINEERS, INC. IN 1959; THENCE CONTINUING SOUTH 00°10'18" EAST ALONG THE EAST LINE THEREOF 56.81 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIBED LINE; THENCE NORTH 89°35'25" EAST 85.56 FEET; THENCE SOUTH 00°24'00" EAST 64.65 FEET; THENCE NORTH 89°43'13" EAST 80.83 FEET A LINE 466 FEET EAST OF THE WEST LINE OF SAID LOT AND THE TERMINUS OF THIS DESCRIBED LINE.

CONTAINING 19593 SQUARE FEET MORE OR LESS.

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Schedule C

THE MCKEE, A CONDOMINIUM
Unit Data; Declared Values and Locations;
Parking, Storage and A/C Pad Allocations
For Phase I

<u>Building</u>	<u>Unit</u>	<u>Unit Data¹</u>	<u>Level</u>	<u>Declared Value</u>	<u>Area Sq. Ft.</u>	<u>Parking Space(s)²</u>	<u>Storage Locker^{2/}</u>	<u>A/C Pad^{2/}</u>
A	101	2 BR, 2 BA, F	1	\$199,950	1166			
A	102	2 BR, 2 BA, F	1	189,950	1014			
A	104	1 BR, 1 BA, F	1	149,950	1691			
A	105	2 BR, 2 BA, F	1	204,950	1011			
A	106	STUDIO	1	95,000	535			
A	107	1 BR, 1 BA, F	1	149,950	693			
A	108	2 BR, 1 1/2 BA, F	1	169,950	951			
A	109	2 BR, 2 BA, F	1	314,950	1318			
A	110	2 BR, 2 BA, F	1	193,950	1016			
A	201	2 BR, 2 BA, F	2	194,950	1233			
A	202	2 BR, 2 BA, F	2	185,950	1014			
A	203	1 BR, 1 BA	2	95,000	580			
A	204	2 BR, 2 BA, F	2	269,950	1368			
A	205	2 BR, 2 BA, F	2	199,950	1011			
A	206	STUDIO	2	105,000	535			
A	207	1 BR, 1 BA, F	2	145,950	693			
A	208	2 BR, 1 1/2 BA, F	2	174,950	951			
A	209	2 BR, 2 BA, F	2	304,950	1318			
A	210	2 BR, 2 BA, F	2	195,950	1016			
A	301	2 BR, 2 BA, F	3	199,950	1233			
A	302	2 BR, 2 BA, F	3	192,950	1014			
A	303	1 BR, 1 BA	3	105,000	580			
A	304	2 BR, 2 BA, F	3	259,950	1368			
A	305	2 BR, 2 BA, F	3	214,950	1011			
A	306	1 BR, 1 1/2 BA	3	110,000	843			
A	307	1 BR, 1 BA, F	3	149,950	693			
A	308	2 BR, 1 1/2 BA, F	3	174,950	951			
A	309	2 BR, 2 BA, F	3	339,950	1318			
A	310	2 BR, 2 BA, F	3	214,950	1016			
A	401	2 BR, 2 BA, F	4	219,950	1233			
A	402	2 BR, 2 BA, F	4	204,950	1014			
A	403	1 BR, 1 BA	4	115,000	580			
A	404	2 BR, 2 BA, F	4	274,950	1368			
A	405	2 BR, 2 BA, F	4	230,950	1011			
A	406	1 BR, 1 1/2 BA	4	119,950	843			
A	407	1 BR, 1 BA, F	4	159,950	693			
A	408	2 BR, 1 1/2 BA, F	4	174,950	951			
A	409	2 BR, 2 BA, F	4	369,950	1318			
A	410	2 BR, 2 BA, F	4	239,950	1016			
A	501	2 BR, 2 BA, F	5	245,950	1233			
A	502	2 BR, 2 BA, F	5	219,950	1014			
A	503	1 BR, 1 BA	5	125,000	580			
A	504	2 BR, 2 BA, F	5	284,950	1368			
A	505	2 BR, 2 BA, F	5	249,950	1011			
A	506	1 BR, 1 1/2 BA	5	139,950	843			
A	507	1 BR, 1 BA, F	5	169,950	693			
A	508	2 BR, 1 1/2 BA, F	5	179,950	951			
A	509	2 BR, 2 BA, F	5	429,950	1318			
A	510	2 BR, 2 BA, F	5	269,950	1016			

¹Legend:

BR - bedroom
 BA - bathroom
 F - fireplace

²To be assigned by amendment

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B	111	2 BR, 2½ BA, F	1/2/3	309,950	1702
B	112	2 BR, 2½ BA, F	1/2/3	299,950	1669
B	113	2 BR, 2½ BA, F	1/2/3	299,950	1669
B	114	2 BR, 2½ BA, F	1/2/3	299,950	1669
B	115	2 BR, 2½ BA, F	1/2/3	299,950	1669
B	116	2 BR, 2½ BA, F	1/2/3	299,950	1669
B	117	2 BR, 2½ BA, F	1/2/3	299,950	1669
B	118	2 BR, 2½ BA, F	1/2/3	299,950	1669
A	CU ³	Not applicable	Upper Parking	1,000,000	6,155

³Commercial Unit; all other Units are Residential Units

Schedule D

THE MCKEE, A CONDOMINIUM

Allocated Interests
For Phase I¹

Building	Unit	Area (Sq. Ft.)	Value	Common Expense Liability	Residential Limited Common Expense Liability	Voting/Interest in Common Elements
A	101	1,166	\$199,950	1.59%	1.62%	1.50%
A	102	1,014	\$189,950	1.44	1.54	1.42
A	104	1,691	\$149,950	1.78	1.22	1.12
A	105	1,011	\$204,950	1.50	1.66	1.54
A	106	535	\$95,000	0.74	0.77	0.72
A	107	693	\$149,950	1.06	1.22	1.12
A	108	951	\$169,950	1.32	1.38	1.27
A	109	1,318	\$314,950	2.13	2.55	2.36
A	110	1,016	\$193,950	1.47	1.57	1.45
A	201	1,233	\$194,950	1.63	1.58	1.46
A	202	1,014	\$185,950	1.44	1.51	1.39
A	203	580	\$95,000	0.78	0.77	0.72
A	204	1,368	\$269,950	2.01	2.19	2.02
A	205	1,011	\$199,950	1.49	1.62	1.50
A	206	535	\$105,000	0.79	0.85	0.80
A	207	693	\$145,950	1.05	1.18	1.09
A	208	951	\$174,950	1.35	1.42	1.31
A	209	1,318	\$304,950	2.11	2.47	2.29
A	210	1,016	\$195,950	1.48	1.59	1.47
A	301	1,233	\$199,950	1.65	1.62	1.50
A	302	1,014	\$192,950	1.47	1.56	1.45
A	303	580	\$105,000	0.82	0.85	0.79
A	304	1,368	\$259,950	1.97	2.11	1.95
A	305	1,011	\$214,950	1.54	1.74	1.61
A	306	843	\$110,000	1.03	0.89	0.82
A	307	693	\$149,950	1.07	1.22	1.12
A	308	951	\$174,950	1.35	1.42	1.31
A	309	1,318	\$339,950	2.24	2.76	2.55

¹Subject to change upon addition of Phase II Units

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A	310	1,016	\$214,950	1.55	1.74	1.61
A	401	1,233	\$219,950	1.72	1.78	1.65
A	402	1,014	\$204,950	1.51	1.66	1.54
A	403	580	\$115,000	0.85	0.93	0.86
A	404	1,368	\$274,950	2.03	2.23	2.06
A	405	1,011	\$230,950	1.60	1.87	1.73
A	406	843	\$119,950	1.07	0.97	0.90
A	407	693	\$159,950	1.11	1.30	1.20
A	408	951	\$174,950	1.35	1.42	1.31
A	409	1,318	\$369,950	2.35	3.00	2.77
A	410	1,016	\$239,950	1.64	1.94	1.80
A	501	1,233	\$245,950	1.82	1.99	1.84
A	502	1,014	\$219,950	1.57	1.78	1.65
A	503	580	\$125,000	0.89	1.01	0.94
A	504	1,368	\$284,950	2.07	2.31	2.14
A	505	1,011	\$249,950	1.67	2.03	1.87
A	506	843	\$139,950	1.14	1.13	1.05
A	507	693	\$169,950	1.14	1.38	1.27
A	508	951	\$179,950	1.37	1.46	1.35
A	509	1,318	\$429,950	2.57	3.48	3.22
A	510	1,016	\$269,950	1.75	2.19	2.02
B	111	1,702	\$309,950	2.39	2.51	2.32
B	112	1,669	\$299,950	2.33	2.43	2.25
B	113	1,669	\$299,950	2.33	2.43	2.25
B	114	1,669	\$299,950	2.33	2.43	2.25
B	115	1,669	\$299,950	2.33	2.43	2.25
B	116	1,669	\$299,950	2.33	2.43	2.25
B	117	1,669	\$299,950	2.33	2.43	2.25
B	118	1,669	\$299,950	2.33	2.43	2.25
A	CU ¹	6,155	\$1,000,000	8.23		7.50
TOTAL:		68,735	\$13,339,500	100.00%	100.00%	100.00%

²Commercial Unit

Schedule E

THE MCKEE, A CONDOMINIUM

Limited Common Elements
For Phase I

- 9408290231
1. The Limited Common Elements assigned to individual Residential Units are as follows:
 - 1.1 The deck and/or terrace, if any, adjacent to the Residential Unit.
 - 1.2 The parking space or spaces in the garage assigned to the Unit in Schedule C.
 - 1.3 The storage locker assigned to the Unit in Schedule C.
 - 1.4 The A/C pad on the roof assigned to the Unit in Schedule C.
 2. The Residential Limited Common Elements are as follows:
 - 2.1 The entrance lobby, gallery and storage rooms.
 - 2.2 The garage.
 - 2.3 The swimming pool (including the pool equipment room and facilities), exercise room, club room and guest suite.
 - 2.4 The elevator and interior lobbies, stairways and corridors.
 - 2.5 The courtyard and planters.
 - 2.6 The fixtures and equipment serving the Residential Units only.

The Limited Common Elements and Residential Limited Common Elements are further shown on the Survey Map and Plans.

EXHIBIT 2

BYLAWS

BYLAWS OF
THE MCKEE
OWNERS ASSOCIATION

The following are Bylaws of The McKee Owners Association, a corporation organized under the Washington Nonprofit Corporation Act (RCW 24.03, the "Nonprofit Corporation Act"). These Bylaws provide for operation of The McKee, a condominium created pursuant to the Washington Condominium Act (RCW 64.34, the "Condominium Act"). They apply to the entire condominium, each Unit therein, and all common elements. Each Owner automatically, by virtue of such ownership, becomes a member of the Association. All present and future Owners, Mortgagees and other encumbrances, lessees, tenants, licensees, and occupants of Units, and their guests and employees, and any other person who may use the facilities of the condominium are subject to these Bylaws, the Condominium Declaration for The McKee, a condominium, recorded under King County Recorder's No. 9408290231, as it may from time to time be amended (the "Declaration") and the rules and regulations pertaining to use and operation of the condominium.

Words and phrases that are defined in the Declaration shall have the same meaning in these Bylaws.

ARTICLE 1. MEMBERSHIP; VOTING; REGISTER.

Section 1.1 Membership. The Owners of Units in the condominium shall constitute the Owners Association. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be members of the Association. Owners of a Unit as joint tenants, tenants in common, community property, or other ownership involving more than one Owner, shall be joint members of the Association, but the sum total of their vote shall not exceed the voting power allocated to the Units owned.

Section 1.2 Number of Votes. The total voting power of all members shall be 100 votes and the voting power available to the Owner or Owners of each Unit shall be equal to the percentage of votes allocated in the Declaration to each Unit owned.

Section 1.3 Voting by Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association, the Owner is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being

made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

Section 1.4 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Unit, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Unit, except in cases in which the person designated is a Mortgagee of the Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Unit shall be the group composed of all of its Owners. If a Unit is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 1.5 Voting by Proxy; Pledged Votes to Mortgagee. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by an Owner. If a Unit is owned by more than one person, each Owner of a Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy a proxy terminates 11 months after its date of issuance. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If an Owner is in default under a first Mortgage on the Unit for one year or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 1.6 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

Section 1.7 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a Unit shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request,

furnish the Board with copies of any documents under which they assert ownership of a Unit or any interest therein, and any Mortgages thereon.

ARTICLE 2. MEETINGS OF MEMBERS.

Section 2.1 Place. Meetings of the members of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

Section 2.2 Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each fiscal year on a date fixed by the Board, which date shall not be less than 10 nor more than 60 days after notice of the meeting is given to the members. At such annual meeting the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting.

Section 2.3 Budget Meeting. Within 30 days after adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all of the members and set a date for a meeting of the members to consider ratification of the budget, which date shall be not less than 14 nor more than 60 days after mailing the summary. Unless at the meeting members holding a majority of the votes in the Association vote to reject the budget, the budget is ratified, whether or not a quorum is present for the meeting. In the event the proposed budget is rejected or the required notice for the meeting is not given, the budget last ratified by the Owners shall be continued until a budget proposed by the Board is ratified.

Section 2.4 Special Meetings. A special meeting of the Association may be called by the president, by resolution of the Board or upon the written request of a majority of the Board or upon the written request of Owners having 20% of the votes in the Association not less than 10 nor more than 60 days in advance of the meeting. No business shall be transacted at a special meeting except as stated in the notice given therefor unless consented to by four-fifths of the Owners present either in person or by proxy.

Section 2.5 Notice of Meetings. It shall be the duty of the secretary to give notice of each annual, budget and special meeting such notice shall be hand-delivered or sent prepaid by first-class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner, to each member of the Association and to each Eligible Mortgagee, if required by Article 28 of the Declaration. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or

officer. Before any meeting of the Association, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

Section 2.6 Quorum. The presence in person or by proxy of members of the Association or voting representatives holding 25% of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

Section 2.7 Adjournment of Meetings. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners present, in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 2.8 Majority Vote. Except as otherwise provided by the Condominium Act by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is present, shall require the affirmative vote of at least 51% of the votes present.

Section 2.9 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of inspectors of election;
- (g) Election of directors (annual meeting or special meeting called for such purpose);
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

Section 2.10 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

ARTICLE 3. BOARD OF DIRECTORS.

Section 3.1 Number, Term and Qualifications. The affairs of the Association shall be initially governed by a Board of three directors. Until the Transition Date, the Declarant shall elect the members of the Board pursuant to Article 14 of the Declaration, subject to the right of the Owners to elect a member or members, as provided in Section 14.1 of the Declaration. Members of the Board elected by the Declarant need not be Owners. Within 30 days after the Transition Date, the Declarant or the Board shall call a special meeting of the Owners to elect a Board of five directors to serve until the first day of the calendar month following the date of adjournment of the first annual meeting. Thereafter, the term of office for directors will begin on the first day of the calendar month following the date of adjournment of the annual meeting at which they are elected. The normal term of office for directors will be for three years and until their successors are elected and take office. However, to provide for staggered terms, at the first annual meeting one-third of the number of directors (or the whole number nearest to one-third) shall be elected for one year, the same number shall be elected for two years, and the remainder shall be elected for three years. A majority of the directors elected by the Owners after the Transition Date shall be members of the Association. If a corporation is a member of the Association, any one of its officers, directors, or shareholders may be elected to the Board; if a partnership is a member, any one partner of such partnership may be elected to the Board. Unless the Owner of the Commercial Unit is an elected member of the Board, the Owner of the Commercial Unit or its designee shall be an ex officio member of the Board. As such, the ex officio member shall be entitled to notice of all Board meetings and actions and entitled to attend Board meetings as a non-voting member.

Section 3.2 Powers and Duties. The Board shall have the powers and duties provided for the administering authority of the condominium in the Condominium Act and in the Declaration, and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration required to be done in another manner.

Section 3.3 Vacancies. Vacancies on the Board caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

Section 3.4 Removal of Directors. At any regular or special meeting after the Transition Date, any one or more of the directors may be removed, with or without cause, by members holding a majority of the votes in the Association and a successor may then

and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 3.5 Compensation. No compensation shall be paid to directors for their services as directors.

Section 3.6 Organization Meeting. The first meeting of the newly elected Board shall be held within ten days of election at a place to be fixed by the directors at the meeting at which the directors were elected, and no notice shall be necessary to the newly elected directors in order legally to call the meeting, providing a majority of the whole Board shall be present at the meeting.

Section 3.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally or by mail, telephone, or telegraph, at least three days before the day fixed for the meeting.

Section 3.8 Special Meetings. Special meetings of the Board may be called by the president on three days' notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by either the president or secretary in like manner and on like notice on the written request of any two directors.

Section 3.9 Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 3.10 Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.11 Open Meeting. Any Owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate except with the consent of the Board. The Board may, however, go into private, executive session to

consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interests of the Association in such litigation.

ARTICLE 4. OFFICERS.

Section 4.1 Designation. The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 Removal of Officers. At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

Section 4.4 President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the President.

Section 4.5 Vice President. The vice president shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. He shall also perform such other duties as may be prescribed by the Board.

Section 4.7 Treasurer. The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

Section 4.8 Other Officers and Employees. Other officers of the Association and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

Section 4.9 Compensation. The Board may pay reasonable compensation to any officer or Owner who performs substantial services for the condominium in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

ARTICLE 5. COMMITTEES.

Section 5.1 Committees of Directors. The Board may appoint one or more committees that consist of one or more directors. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the condominium.

Section 5.2 Other Committees. Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the president or the directors, and such committees may be composed of one or more members of the Association.

ARTICLE 6. HANDLING OF FUNDS.

Section 6.1 Accounts. The Association shall establish the necessary funds or accounts to provide properly for the operation and maintenance of the condominium. Overall superintendence of these funds shall be the responsibility of the treasurer of the Association. There shall be at least three separate funds as described in Sections 6.2, 6.3, and 6.4.

Section 6.2 Working Capital Fund. There shall be established a checking account in a commercial bank to be known as the "Working Capital Fund." This fund will be used for the normal operation of the condominium and will receive all monthly Assessments, first purchasers' initial contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the condominium and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund for Common

Elements. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Elements will normally be deposited in the Working Capital Fund and checks immediately issued to the other fund so an overall account of the funds received and disbursed by the Association is centralized in the check register of the Working Capital Fund account.

Section 6.3 Reserve Fund for Insurance Premiums. The Association shall maintain a fund which shall be known as the "Reserve Fund for Insurance Premiums." Each month the treasurer shall cause to be deposited into this fund an amount equal to at least one-twelfth of the total cost of all premiums for the policy or policies and bonds the Association is required by the Declaration to purchase. Such premiums shall be paid out of this fund.

Section 6.4 Reserve Fund for Common Elements. The Association shall maintain a fund which shall be known as the "Reserve Fund for Common Elements." The Treasurer shall deposit to this reserve account amounts reasonably anticipated to be required for the periodic maintenance, repair, and replacement of the Common Elements.

Section 6.5 Combination and Deposit or Investment of Funds. All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States. The funds of the Association shall not be commingled with the funds of any other association or with the funds of any manager of the Association. The reserve funds may be combined in one or more savings accounts, certificates of deposit, or other accounts or deposits. Withdrawals of reserve funds from such account shall require the signature of at least two persons who are officers or directors of the Association.

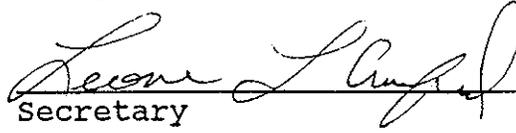
ARTICLE 7. KEEPING RECORDS AND REPORTS.

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the Owners, Mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

ARTICLE 8. AMENDMENTS.

The procedure and necessary consents required for adoption of amendments to the Bylaws are set forth in Article 26 of the Declaration.

The foregoing Bylaws were adopted on November 4,
1994, at the organizational meeting of the Association.


Secretary